

MINUTES OF THE ANNUAL MEETING OF THE
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NEWPORT NEWS,
VIRGINIA AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF NEWPORT NEWS, VIRGINIA

Mr. Minter called the meeting to order at 8:00 a.m. on Friday, November 2, 2018, in the EDA/IDA Board Room at Two City Center, 11820 Fountain Way, Suite 301, Newport News, Virginia.

Those members present were:

C. Gary Minter, Chair
Alonzo R. Bell, Jr.
Jonathan Skinner
Jeffrey Verhoef
Cynthia D. Rohlf, City Manager, ex-officio
Florence G. Kingston, Secretary/Treasurer, ex-officio

Absent:

Cassandra P. Greene, Vice Chair, Excused
Mary Aldrich, Excused
Jennifer Smith-Brown, Excused

Legal Counsel:

Raymond H. Suttle, Jr.

Staff:

Kearston Milburn, Recording Secretary
Cherry Croushore, Assistant Secretary

Also present:

Megan Martz Gilliland, Bond Counsel, Kaufman & Canoles, P.C.
Eric E. Ballou, Bond Counsel, Kaufman & Canoles, P.C.
Douglas Hornsby, CEO, Christopher Newport University Real Estate Foundation
Rob Churchman, Partner, Cherry Bekaert, LLP
Greg Miller, Senior Manager, Cherry Bekaert, LLP
Paul Hirsch, President, Madison Government Affairs
Jack Hession, Senior Vice President, Madison Government Affairs

Mr. Minter opened the meeting by introducing visitors and welcoming everyone.

Request by Christopher Newport University Education Foundation, Christopher Newport University Real Estate Foundation and Christopher Newport University for EDA Approval of the Issuance of Its Revenue Bonds in an Amount Not to Exceed \$9,500,000 for the Benefit of Christopher Newport University Education Foundation, Christopher Newport University Real Estate Foundation and Christopher Newport University

Chairman Minter announced the commencement of a Public Hearing of the Economic Development Authority of the City of Newport News, Virginia (the "Authority"), at 8:00 a.m. on November 2, 2018 in the EDA/IDA Board Room at Two City Center, 11820 Fountain Way, Suite 301, Newport News, Virginia 23606. He stated that this Public Hearing had been advertised in the Daily Press two consecutive Fridays, October 19, 2018 and October 26, 2018. Mr. Minter called on Ms. Megan Gilliland, Bond Counsel with Kaufman and Canoles, to provide initial comments.

Ms. Gilliland briefly highlighted the plan of refinance described in the resolution and the request of Christopher Newport University Education Foundation and Christopher Newport University Real Estate Foundation for the issuance of new tax-exempt bonds by the Authority, in an amount not to exceed \$9,500,000 in order to facilitate the refinancing of outstanding bonds from 2013 previously issued by the Richmond County, Virginia Industrial Development Authority and the City of Poquoson Economic Development Authority, which originally financed or refinanced the construction and equipping of a student housing complex located at 39 Sweetbriar Drive in Newport News, utilized by Christopher Newport University.

Upon completion of comments by Ms. Gilliland, Mr. Minter asked if there were any questions from the Board or comments from the public. No members of the public spoke in opposition.

Mr. Minter asked for a motion to close the Public Hearing. Mr. Bell so moved and Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

Mr. Minter asked for a motion approving EDA Resolution 18-4, as presented. Mr. Bell so moved and Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

Draft FY 2018 EDA/IDA Audit Presentation

Mr. Minter called on Mr. Churchman and Mr. Miller to present the Draft FY 2018 EDA/IDA Audit. Mr. Churchman provided an outline of the engagement services provided by Cherry

Bekaert LLP, which included an Audit of the EDA/IDA FY 2018 financial statements using standards as required by the Government Auditing Standards, and compliance testing with the Auditor of Public Accounts' Specifications for Authorities, Boards and Commissions. Mr. Churchman explained that Cherry Bekaert utilized a four-phase top-down risk-based audit approach that was highly automated and specifically tailored to the Authority.

Mr. Miller reported there were no material weaknesses in internal control or financial reporting and announced that there was an adoption of a new accounting policy, Implementation of GSAB 89, Accounting for Interest Cost Incurred Before the End of A Construction Period. He noted that the application of existing policies was not changed during 2017. He noted that there were no difficulties encountered in performing the Audit. Mr. Churchman briefly noted FY 2019-2021 new accounting and reporting changes. Mr. Minter asked if there were any questions for Mr. Churchman and Mr. Miller. There were none.

Mr. Minter asked for a motion for acceptance of the FY 2018 EDA/IDA Audit. Mr. Bell so moved and Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Mrs. Kingston noted that the continuing positive audit results were largely a function of the excellent work of Zoe Lumpkin. Chair Minter also thanked Ms. Lumpkin for her fine work on managing EDA/IDA financial matters.

Request by the City of Newport News, Virginia for EDA Approval of a Resolution Relating to the Development, Construction and Financing of a Public Parking Facility Located at City Center at Oyster Point

Mrs. Kingston stated that as part of the original City Center at Oyster Point Master Plan, a fourth public parking facility was planned to be located on the portion of land designated as the fourth quadrant, and included as part of the City Center parking system. She said that construction of the fourth public parking garage was envisioned to occur when development on the fourth quadrant took place and/or the need for shared parking in City Center grew to a point where the additional parking was required. She noted that the announcement of Ferguson's expansion in City Center, with the addition of approximately 1,400 employees, substantiated the need for the additional capacity that the fourth public parking garage would provide. She said that the funding required to finance the development and construction of the garage would be included in the City's upcoming bond sale. She noted that while the EDA would not have a financial obligation under this approach, the Board had been asked to provide a resolution of support that would provide additional support for the City's bond sale.

Mr. Minter asked for a motion to authorize EDA Resolution 18-5, as presented, relating to the development, construction and financing of a public parking facility located at City Center at Oyster Point. Mr. Bell so moved and Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Secretary/Treasurer's Report

Mrs. Kingston stated that each year, Graphic Design USA hosts a competition to recognize outstanding work in all marketing media. She said that of the 10,000 entries from across the country submitted into the competition, only a highly selective 10% were recognized for excellence. She stated that the Newport News EDA/IDA 2017 Annual Report, designed by our marketing firm, Howell Creative Group, received an American Graphic Design Award. She explained that The American Graphic Design Awards was the original and flagship awards program for creative professionals, running now for 55 years, and that this was the second year that the EDA/IDA had been recognized by Graphic Design USA. She said that in 2017, the EDA/IDA received an American Web Design Award for its website, also designed by Howell Creative Group.

Mrs. Kingston noted that speaking opportunities had been abundant lately and she had had the opportunity to speak to multiple groups about the great work happening in Newport News. She said that on October 16th, she joined fellow economic development directors at the Virginia Peninsula Association of Realtors as they each shared a snapshot of what was going on in their respective localities before moving into a panel discussion on various observations and concerns from those in the real estate community. Earlier that week she visited CNU and spoke to the Urban Economics Class students about the importance of economic development. She said that the opportunity really opened their eyes to a field that not many were deeply familiar with, and noted that the students asked a number of great questions at the end of the presentation.

Mrs. Kingston stated that she had also spoken at HRACRE's monthly meeting held the day before at the Marriott. She said that the presentation focused on the importance of having the Tech Center development adjacent to Jefferson Lab, and how design elements and the close proximity of the two would create an environment where idea sharing and collaboration could occur and lead to additional technology advancement in the City and the region.

Mrs. Kingston informed the Board that the Monthly Financial Statements were in their packages, noting a few highlights and offering to answer questions. There were no questions.

Mrs. Kingston offered the City Manager an opportunity to comment. Ms. Rohlf thanked Board Members for their attendance at the Newport News State of the City luncheon, which was a very successful event. She reported that the new marketing video introduced at the luncheon would be used to tell the positive story of Newport News.

Ms. Rohlf reported that the 25 Nights of Northern Lights would premiere this Holiday Season and stated she was excited for the new tree, light show and family-oriented activities that would be held around the fountain. She said that City Council's one-day retreat to discuss the City's financial condition went very well and laid the groundwork for Council's consideration of the Capital Improvements Plan. She stated that City Council and the School Board would meet jointly on November 20th to discuss the School's capital needs.

Mrs. Kingston and Ms. Rohlf responded to several questions and Mr. Minter thanked them for their reports.

Assistant Secretary's Report

Mr. Minter asked for the Assistant Secretary's Report. Ms. Croushore advised the Board that the Committee Meeting Schedule was in their package and noted relevant details.

Madison Government Affairs' Consultant Report

Mr. Minter called for the Madison Government Affairs' Consultant Report.

Mr. Hirsch introduced Mr. Jack Hession and stated that Mr. Hession would present part of the Madison Government Affairs' Consultant Report.

Mr. Hession provided a brief overview of the current Budget Appropriations. He reported that during the last week of September, Congress passed a mini-bus spending bill that included full-year appropriations for approximately half of government departments, including Military Construction and Veterans Affairs. He said that the remaining half of government departments including the Department of Homeland Security and HUD would operate under a continuing resolution until December 7th, at which time Congress will either need to do another continuing resolution or pass an appropriation bill to fund those departments. Mr. Hession stated that after the election, the House would take up a multi-billion-dollar disaster aid package for Hurricane Michael recovery. He said that there was discussion regarding attaching disaster aid to the Homeland Security bill, and stated that House GOP approved \$5 billion for the border wall to include physical barriers and technology along the U.S. Southern border. He advised that a bill was being considered in

the Senate which would allocate \$1.6 billion for the wall, far short of the \$5 billion the White House was seeking as part of a \$25 billion five-year plan to complete the project.

Mr. Hirsch reported that for the Fiscal Year 2020 Budget, the President has asked his cabinet to draw up proposals that would cut their agencies by 5% across the board. He stated that government was projected to spend \$4.47 trillion in 2019 and of that, \$1.36 trillion would be discretionary.

Mr. Hirsch provided a brief overview regarding the Eustis Civic Leaders Association (ECLA) seeking to expand into James City County and York County. He stated that James City County was an appropriate jurisdictional addition to the ECLA given it has the largest concentration of military members and dependents on the Peninsula. He also stated that there are a number of land use and James River use issues that could impact Fort Eustis.

Mr. Hirsch reported that a visit to Fort Eustis by the EDA Board and staff was being coordinated for February 2019.

Mr. Hirsch and Mr. Hession answered questions, and Mr. Minter thanked them for their report.

At 8:52 a.m., Mr. Bell moved for the Authority to go into a closed meeting pursuant to VA Code Section §2.2-3711.A: Real Estate (3) and Prospective Business (5) for the following purposes and subjects: (3) Discussion or consideration of the acquisition of real property for a public purpose or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, the subject of which is proposed property acquisitions in the southern section of the City and a proposed property disposition in the central section of the City; and (5) Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business or industry's interest in locating or expanding its facilities in the community, the subject of which is an unannounced prospective business interested in locating in the southern section of the City. Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

At 9:14 a.m., the EDA/IDA Board returned to open session following a certification motion by Mr. Bell, in accordance with VA Code Section §2.2-3712(D) that to the best of each member's knowledge: (D) (i) only public business matters lawfully exempted from open meeting requirements under this chapter; and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed

or considered in the meeting by the public body. Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote.

Committee Reports

Mr. Minter called for the Committee Reports. Mr. Verhoef presented the Design Review Committee Report, which passed unanimously on a roll call vote. Mr. Minter presented the Executive Committee Report, which passed unanimously on a roll call vote.

Election of Officers

Chair Minter called for nominations from the floor for Chair of the EDA/IDA for 2018. Mr. Verhoef moved to nominate Alonzo Bell for Chair. Mr. Skinner seconded the motion. Mr. Skinner moved to close nominations for Chair. Mr. Verhoef seconded the motion, which passed unanimously on a roll call vote. Chair Minter called for nominations from the floor for Vice-Chair of the EDA/IDA for 2018. Mr. Bell moved to nominate Ms. Smith-Brown for Vice-Chair. Mr. Verhoef seconded the motion. Mr. Skinner moved to close nominations for Vice-Chair. Mr. Bell seconded the motion, which passed unanimously on a roll call vote. Mr. Verhoef moved to elect Mr. Bell as Chair and Ms. Smith-Brown as Vice-Chair of the EDA/IDA for Calendar Year 2019. Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Approval of Minutes of the Regular Meeting of October 5, 2018

Mr. Minter asked for a motion that the Minutes of the Regular Meeting of October 5, 2018 be approved. Mr. Bell so moved and Mr. Skinner seconded the motion, which passed unanimously on a roll call vote.

Unfinished Business

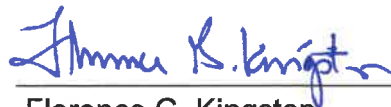
Mr. Minter asked for any unfinished business.

Mr. Workman reminded the Board that START Peninsula would take place November 2nd to the 5th, and shared that serial entrepreneur and author Jason Calacanis would be the keynote speaker for the event on Friday evening. He stated that Mr. Calacanis would also hear seven second-stage companies pitch, several of which were past START winners. He noted that food for the three-day event had been donated by local Newport News businesses. He stated that Board Members were welcome and encouraged to attend.

New Business

Mr. Minter asked for any new business. There was none.

There being no further business to come before the Board, Mr. Minter adjourned the meeting at 9:31 a.m.



Florence G. Kingston
Secretary/Treasurer



**ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY**

TO: Board of Directors
FROM: Chair, Design Review Committee
SUBJECT: Chair's Report
DATE: November 2, 2018

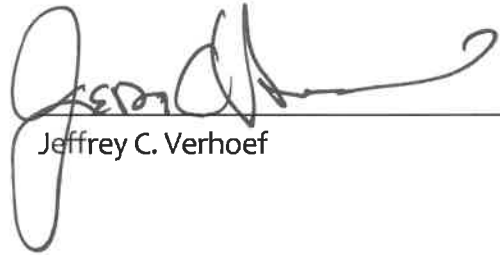
The Design Review Committee met on October 18th. The Committee considered a request by Harvey Lindsay Commercial Real Estate, on behalf of Pointe Hope, LLC for approval of a digital rendering of proposed exterior modifications located at 11820 Fountain Way in City Center at Oyster Point. Upon review, the Committee voted unanimously to recommend approval of the request, subject to all applicable City codes and regulations.

The next item considered by the Committee was a request by Scotty Signs, on behalf of PCT, LLC and Anderson and Pittman, PC, for approval of a digital rendering and digitally-enhanced photograph of a proposed internally-illuminated, building-mounted sign located at 610 Thimble Shoals Boulevard in Oyster Point of Newport News. Upon review, the Committee recommended approval of the request on a majority vote with one abstention, subject to all applicable City codes and regulations.

The Committee also considered a request by WM Jordan, on behalf of Building One @ Tech Center, LLC, for approval of a digital rendering of proposed exterior modifications at 630 Hofstadter Road in Jefferson Center for Research and Technology. Upon review, the Committee voted unanimously to recommend approval of the request, subject to all applicable City codes and regulations.

Finally, the Committee was briefed on a previous request by Scotty Signs, on behalf of SSBL, LLC and Howard Hanna Real Estate Services, for approval of digital renderings of a proposed internally-illuminated, building mounted sign located at 724 Thimble Shoals Boulevard in Oyster Point of Newport News. This request was submitted as an alternative to the previous request, as the placement and size of the proposed signage had been revised. Upon review, the Committee recommended approval of the revised request on a majority vote with one abstention, subject to all applicable City codes and regulations.

This Report requires Board ratification.



Jeffrey C. Verhoef

JCV:kpw

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Date, Time and Location: October 18, 2018, at 8:00 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Jeffrey Verhoef, Alonzo Bell, Jr., Jonathan Skinner, Carl Breiner, Robert Mann, Teresa Nettles, Sylvia Weinstein

Members Absent: Bryan Trainum, Elizabeth Willis



ECONOMIC DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY

TO: Board of Directors
FROM: Chair, Executive Committee
SUBJECT: Chair's Report
DATE: November 2, 2018

The Executive Committee met on October 29th. The Committee was briefed on several pending EDA lease transactions, related to the Applied Research Center (ARC), Virginia Specialties Stores (VSS) Building in Downtown and the Two City Center Building.

After being provided the details of the transaction related to CNU's desire to continue its occupancy in the ARC Building, reducing its leased space from 6,037 square feet to 4,110 square feet and extending the term for five years, with three five-year renewals, the Committee approved an Amendment to Deed of Lease between the EDA and Christopher Newport University for 4,110 rentable square feet of space in the ARC Building, subject to all documentation being reviewed and approved by EDA Legal Counsel.

Next, Committee Members were advised that Huntington Ingalls Incorporated, formerly Newport News Shipbuilding and Dry Dock Company, having leased the VSS Building in Downtown from the EDA for the last 20 years, now wished to amend its lease to extend the term for a one-year period to accommodate transition of personnel to its new building under construction in Brooks Crossing upon completion. After being provided the details of the lease amendment transaction, the Committee approved an Amendment to Lease between the EDA and Huntington Ingalls Incorporated, f/k/a Newport News Shipbuilding and Dry Dock Company, renewing the existing Lease of the VSS Building located at 2800 Washington Avenue for a one-year period, subject to all documentation being reviewed and approved by EDA Legal Counsel.

Executive Committee Chair's Report

November 2, 2018


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The Committee was briefed on the transitional plan to move the Department of Development's Marketing Office from the 4th Floor of the Two City Center Building to the 3rd Floor, consolidating with EDA-leased space on the 3rd Floor. Following the briefing, in which Committee Members were advised that the consolidation would result in having slightly more space at a savings of approximately \$18,855 annually due to a negotiated reduction in the per square foot rental rate, the Committee approved a Lease for 7,357 square feet of space on the 3rd floor of Two City Center for Department of Development Marketing Office and EDA Board Room use, together with a Sublease of 1,740 square feet of that space to be used by the Greater Peninsula Workforce Development Board, subject to all documentation being reviewed and approved by EDA Legal Counsel.

Executive Committee Members were provided an update on the creation of the Eastern Virginia Regional Industrial Facility Authority (EVRIFA), together with a Frequently Asked Questions supplement. The Committee was advised that City Council had approved the creation of EVRIFA at its October 23rd City Council Meeting and Newport News' participation in EVRIFA. Staff reported that Hampton, James City County, Poquoson, Williamsburg and York County had also adopted ordinances authorizing creation of EVRIFA, with Gloucester County anticipated to do so on November 7th. An update was also provided on the associated GO Virginia Hampton Roads Unmanned Systems Facility project, which is anticipated to be the 1st project under the auspices of EVRIFA.

Finally, the Committee was provided a brief update on the Superblock parking system and paving project, advising that the automated machines are installed and operational, and are generating additional revenue through the use of credit cards, a function not available in our older manual system. Updated paving estimates were also recently obtained, with paving expected to commence as soon as possible.

The Committee's remaining items were handled in Closed Session. This report requires Board ratification.



FOX

Cassandra Greene

CG:clc

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Date, Time and Location: October 29, 2018, at 10:30 a.m. at 11820 Fountain Way, Suite 301, Newport News, VA

Members Present: Cassandra Greene, Gary Minter, Jeff Verhoef

Members Absent: Jennifer Smith-Brown